

GAO

Briefing Report to Congressional
Committees

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September 1994

1995 DEFENSE
BUDGET

Potential Reductions
and Rescissions in
RDT&E and
Procurement Programs



94-31844





United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-258143

September 8, 1994

Congressional Committees

We examined the Department of Defense's fiscal year 1995 budget request and prior years' appropriations for selected research, development, test, and evaluation and procurement programs. Our objectives were to identify potential reductions to the fiscal year 1995 budget request and potential rescissions to prior years' appropriations. This report summarizes information and briefings provided to your staffs from May to August 1994.

Our review showed that schedule delays, changes in program requirements, and issues that have arisen since the defense budget request was developed provide the opportunity to reduce the funding levels for fiscal year 1995 by about \$2.3 billion as well as for prior years' appropriations by about \$1.3 billion. We also identified amounts the Congress may restrict from obligation until specified criteria are met.

Of the totals, we identified potential budget reductions of about \$843.7 million to the fiscal year 1995 research, development, test, and evaluation budget request and potential rescissions of approximately \$114.8 million to prior years' appropriations (see table 1). Appendix I provides more details about the individual programs.

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**Table 1: Potential Reductions and Rescissions to
Department of Defense Research, Development, Test, and
Evaluation Programs**

Dollars in millions

Agency	Potential fiscal year 1995 reductions	Potential prior year rescissions
Army	\$68.0	\$2.0
Navy	229.2	112.8
Air Force	518.8	0
Defense-wide	27.8	0
Total	\$843.7 ^a	\$114.8

^a Total does not add due to rounding.

As shown in table 2, we identified potential budget reductions of about \$1,455.1 million to the fiscal year 1995 procurement budget request and potential rescissions of about \$1,179.3 million to prior years' appropriations. Appendix II provides more details about individual programs.

Table 2: Potential Reductions and Rescissions to
Department of Defense Procurement Programs

Dollars in millions

Agency	Potential fiscal year 1995 reductions	Potential prior year rescissions
Army:		
Aircraft Procurement	\$15.0	\$8.3
Missile Procurement	22.3	25.1
Procurement of Weapons and Tracked Combat Vehicles	58.9	0
Procurement of Ammunition	1.9	106.3
Other Procurement	143.0	0
Navy:		
Aircraft Procurement	26.7	564.4
Weapons Procurement	28.7	22.7
Other Procurement	86.1	22.6
Procurement, Marine Corps	13.9	0
Air Force:		
Aircraft Procurement	457.0	261.0
Weapons Procurement	477.7	160.9
Other Procurement	29.9	8.0
Defense-wide: Procurement	94.0	0
Total	\$1,455.1	\$1,179.3

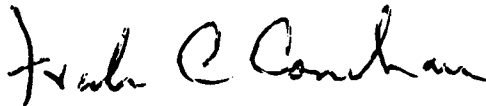
To identify potential reductions and rescissions, we focused on unobligated funds and funds on withhold in addition to program cost, schedule, and performance issues. We examined expenditure documents to determine whether requests were adequately justified and whether unobligated funds from prior appropriations should be retained. Appendix III provides more information regarding our scope and methodology.

B-258143

We did not obtain written agency comments on this report. However, we did discuss the information presented in this report with officials from the Office of the Secretary of Defense and the responsible services and program offices. We have incorporated their comments where appropriate.

We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force and to the Director, Office of Management and Budget. We will also make copies available to others upon request.

This report was prepared under the direction of Louis J. Rodrigues, Director, Systems Development and Production Issues, who may be reached on (202) 512-4841 if you or your staffs have any questions. Other major contributors are listed in appendix IV.

A handwritten signature in dark ink, appearing to read "Frank C. Conahan". The signature is written in a cursive, slightly slanted style.

Frank C. Conahan
Assistant Comptroller General

List of Congressional Committees

The Honorable Sam Nunn
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The Honorable Strom Thurmond
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
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The Honorable Ronald V. Dellums
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Committee on Armed Services
House of Representatives

The Honorable John P. Murtha
Chairman
The Honorable Joseph M. McDade
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Subcommittee on Defense
Committee on Appropriations
House of Representatives

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Abbreviations

AMRAAM	Advanced Medium Range Air-to-Air Missile
ATACMS	Army Tactical Missile System
CAD/PAD	Cartridge/Propellant Activated Devices
C3	Command, Control, and Communications
DOD	Department of Defense
HE-CVT	High Explosive-Controlled Variable Time
HE-PD/PDD	High Explosive-Point Detonating/Point Detonating Delay
OSD	Office of the Secretary of Defense
RDT&E	Research, Development, Test, and Evaluation
TOW	Tube-launched, Optically-tracked, Wire-guided Missile
TSSAM	Tri-Service Standoff Land Attack Missile
JTUAV	Joint Tactical Unmanned Aerial Vehicle

**POTENTIAL REDUCTIONS AND RESCISSIONS IN RESEARCH,
DEVELOPMENT, TEST, AND EVALUATION PROGRAMS**

We identified about \$843.7 million in potential reductions in the Department of Defense's (DOD) research, development, test, and evaluation (RDT&E) fiscal year 1995 budget request and about \$114.8 million in potential rescissions in fiscal year 1994 funds. In addition, we identified \$90.7 million in potential restrictions in obligational authority requested for fiscal year 1995. The following sections provide a brief description of our analysis and proposed actions. Table I.1 summarizes the proposed actions.

Table I.1: Potential Reductions and Rescissions to RDT&E Programs

Dollars in millions

Agency/program	Potential fiscal year 1995 reductio. \$	Potential fiscal year 1994 rescissions
Army		
Armored Systems Modernization - Advanced Development (line 71) ^a	0	0
Tri-Service Standoff Attack Missile (line 96)	\$62.787	0
Combat Vehicle Improvement Programs (line 168)	5.200	0
Other Missile Product Improvement Programs (line 174)	0	\$2.000
Subtotal	67.987	2.000

APPENDIX I

APPENDIX I

Agency/program	Potential fiscal year 1995 reductions	Potential fiscal year 1994 rescissions
Navy		
Surface and Shallow Water Mine Countermeasures (line 38)	23.688	0
Surface Ship Torpedo Defense (line 40)	18.650	0
AV-8B Aircraft-Engineering Development (line 89)	7.500	0
Distributed Surveillance System (line 137)	30.934	0
Integrated Surveillance System (line 169)	6.157	0
F-14 Upgrade (line 177)	142.262	0
Advanced Submarine System Development (line 49)	0	5.226
Ship Preliminary Design & Feasibility Studies (line 52)	0	7.799
New Design SSN Development (line 113)	0	99.801
Subtotal	229.191	112.826

Agency/program	Potential fiscal year 1995 reductions	Potential fiscal year 1994 rescissions
Air Force		
C-17 Program (line 69)	41.100	0
F-22 Engineering and Manufacturing Development (line 72)	378.200	0
Aircraft Engine Component Improvement Program (line 77)	5.000	0
Joint Direct Attack Munition (line 89)	47.365	0
F-16 Squadron (line 138)	9.100	0
Satellite Control Network (line 184)	38.000	0
Subtotal	518.765	0
Defense-wide		
Theater Missile Defense (Dem/Val) (line 66) ^b	27.800	0
Subtotal	27.800	0
RDT&E total	\$843.743	\$114.826

a Potential restriction of \$60.7 million in requested obligational authority for the program.

b Potential restriction of \$30 million in requested obligational authority for the program.

The basis for the potential reductions and rescissions identified by program in the table and a discussion of the potential restriction follows.

ARMY, RESEARCH, DEVELOPMENT, TEST, AND EVALUATIONArmored Systems Modernization (ASM) - Advanced Development
(Line 71)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$313.360	\$147.876	\$175.476
Potential restriction	0	0	60.700

Basis for Restriction

The Army's obligational authority for about \$60.7 million of the fiscal year 1995 budget request for the Armored Systems Modernization - Advanced Development (PE0603645A) can be restricted until the Army conducts live-fire tests to demonstrate that the liquid propellant gun technology for the Advanced Field Artillery System is ready to enter the demonstration/validation developmental phase. The restriction is possible because the Army originally planned to use live-fire tests to demonstrate that the liquid propellant technology is ready to move into the demonstration/validation phase. However, a recent gun explosion raises questions about the Army's ability to control the liquid propellant process in actual gun firings. The Army has stopped the live-fire testing with its most advanced gun until it can isolate, understand, and correct the cause of the explosion.

The Advanced Field Artillery System program manager agreed that the recent explosion raises questions about the Army's ability to control the firing process. However, because the program is in a very early stage of development, the program manager does not believe that the questions must be answered before the program enters the demonstration/validation development phase. Therefore, he does not believe the funds should be restricted. Notwithstanding his position, it is clear that to move to the next milestone of acquisition is not consistent with DOD criteria.

Tri-Service Standoff Attack Missile (Line 96)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	^a	\$43.182 ^b	\$82.458
Potential reduction	0	0	62.787

^a Funding for fiscal year 1993 is classified.

^b The fiscal year 1994 Tri-Service Standoff Attack Missile (TSSAM) appropriation was \$43.382 million, \$0.2 million more than documented in the DOD fiscal year 1995 RDT&E budget request.

Basis for Reduction

The Army's fiscal year 1995 budget request for the Tri-Service Standoff Attack Missile (TSSAM) can be reduced by \$62.787 million because the request exceeds expected requirements. According to the latest termination cost estimate, only \$19.671 million will be needed in fiscal year 1995.

In November 1993, the Army estimated TSSAM termination costs to be \$126.5 million, which the Army planned to fund in fiscal years 1994 through 1996. However, in May 1994, the project manager revised the termination cost estimate to \$62.2 million. Since the Army has already released \$42.529 million of the fiscal year 1994 appropriation (remaining \$0.853 million is being held for other purposes), only \$19.671 million will be needed in fiscal year 1995.

The project manager agreed that the estimate had decreased. He said actual costs may not be known for 2 years and that, if any additional funds were needed, they could be requested later.

A TSSAM cost analyst agreed with the calculations. However, she said an additional \$3.999 million may be needed because that amount of fiscal year 1994 funds has been reprogrammed. We believe the request can be reduced by the entire \$62.787 million because the funds were (1) reprogrammed with the understanding that they would be returned to TSSAM in fiscal year 1995 and (2) appropriated for TSSAM termination costs only.

Combat Vehicle Improvement Programs (Line 168)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$38.571	\$114.946	\$111.279
Potential reduction	0	0	5.200

Basis for Reduction

The Army's fiscal year 1995 budget request for the Combat Vehicle Improvement programs (PE0203735A) can be reduced by \$5.2 million because of excess fiscal year 1994 funds, which can be used to fund fiscal year 1995 requirements.

Bradley program officials agreed that the original purpose of the money--to accelerate the Bradley A3 fielding date--is no longer in effect. However, they said the \$5.2 million should be retained for other future uses. We do not believe the funds should be retained for purposes other than for which they were appropriated.

Other Missile Product Improvement Programs (Line 174)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$6.469	\$68.438	\$74.380
Potential rescission	0	2.000	0

Basis for Rescission

The Army's fiscal year 1994 funding of \$2 million for other missile product improvement programs can be rescinded. The funds were provided to continue a program to develop a Hellfire training round, but the funds are not needed.

According to a program management official, the \$2 million is not required because prior year funding is available to complete the effort directed by the Congress. In addition, the \$2 million was not authorized.

DOD's June 20, 1994, omnibus reprogramming request identified the funds as being available for reprogramming for higher priority requirements.

NAVY, RESEARCH, DEVELOPMENT, TEST, AND EVALUATIONSurface and Shallow Water Mine Countermeasures (Line 38)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$41.801	\$44.741	\$51.879
Potential reduction	0	0	23.688

Basis for Reduction

The Navy's Surface and Shallow Water Mine Countermeasures fiscal year 1995 request can be reduced by approximately \$23.7 million because a submarine project, the submarine off-board mine search system, was terminated.

According to Navy program officials, development of the mine search system was terminated after the fiscal year 1995 budget request was submitted because of its projected cost and long development time.

Surface Ship Torpedo Defense (Line 40)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$27.089	\$33.910	\$30.247
Potential reduction	0	0	18.650

Basis for Reduction

Because of schedule delays and changes in the Joint Surface Ship Torpedo Defense program, the Navy's fiscal year 1995 Surface Ship Torpedo Defense budget request can be reduced by approximately \$18.7 million. About \$13.45 million in fiscal year 1994 funds will not be used because of delays in obtaining approval to enter the demonstration and validation phase of development and can be used to offset a reduction.

In an August 1994 report on the program, we recommended that the antitorpedo torpedo not proceed beyond concept evaluation. If this recommendation is accepted, the fiscal year 1995 request can be reduced by an additional \$5.2 million associated with the anti-torpedo torpedo portion of the program.

Program officials stated that the fiscal year 1995 funds will be required to continue concept development efforts for the anti-torpedo torpedo. However, the Navy does not have a specific plan or associated funding for this effort, and the DOD Comptroller has been withholding the \$13.45 million of fiscal year 1994 funds until the Navy approves the program for demonstration and validation.

AV-8B Aircraft-Engineering Development (Line 89)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$11.735	\$18.179	\$10.203
Potential reduction	0	0	7.500

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced because \$7.5 million of fiscal year 1994 funding is excess to requirements and can be used to offset fiscal year 1995 requirements. The \$7.5 million is excess because the Navy's program to develop a missile approach warning system for the AV-8B aircraft has been restructured and incorporated into a joint service effort to develop a common warning system for tactical aircraft. The DOD Comptroller has \$7.5 million of the fiscal year 1994 funding on withhold for this purpose.

Program officials agree that the \$7.5 million is excess to fiscal year 1994 requirements. DOD's June 20, 1994, omnibus reprogramming request identified \$7.5 million in fiscal year 1994 funds as being available for reprogramming for higher priority requirements.

Distributed Surveillance System (Line 137)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$158.343	\$123.766	\$114.306
Potential reduction	0	0	30.934

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$30.9 million because other underwater detecting systems being developed are expected to be more capable than the underwater capability of the Fixed Distributed System in countering current regional and littoral threats.

The Fixed Distributed System development program has a history of cost overruns, schedule delays, and technical development problems. It was not designed to be effective in countering the current regional and littoral threats. As a result, the Navy is developing other more effective antisubmarine capabilities that will be deployed against the current threats.

Navy program officials stated that a reduction in funds for the underwater system components would result in layoffs and would delay the scheduled Fixed Distributed System installation involving two international agreements. We believe that the proposed reduction would still permit development of other more capable detection systems.

Integrated Surveillance System (Line 169)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$89.515	\$73.253	\$28.805
Potential reduction	0	0	6.157

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by about \$6.2 million due to threat changes and future affordability questions. The funds are for the Surveillance Towed Array Sensor System element of the Integrated Surveillance System program, which was designed to counter the Soviet threat and will require extensive modifications and testing to make it capable of countering current regional and littoral threats. Furthermore, Navy officials indicated that future RDT&E funds may not be available to fund the modification and testing efforts.

Program officials stated that the Navy is exploring other uses for the Integrated Surveillance System. They also stated that the Navy recently agreed with the Department of Commerce to perform a joint study on alternative uses for the system.

F-14 Upgrade (Line 177)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$120.060	\$70.904	\$171.689
Potential reduction	0	0	142.262

Basis for Reduction

The Navy's fiscal year 1995 RDT&E request for the F-14 can be reduced by about \$142.3 million, the amount that was requested for the Block I attack capability upgrade development. This reduction can be made because the attack capability to be added will be limited. Upgraded F-14s will be available only about 2 years before the replacement F/A-18E/F aircraft are delivered, and therefore, the cost-effectiveness of funding the upgrade is questionable.

During an ongoing evaluation of the Block I attack capability upgrade program, we determined that the upgrade will not add any more weapons capability beyond that already available, except the capability to independently drop laser-guided bombs without external assistance. Also, under certain adverse conditions, most upgraded F-14s will not be effective in locating, identifying, and attacking targets. Furthermore, the limited weapons capability to be added will not be available for any significant time before the replacement F/A-18E/F is to be introduced. A total of 210 F-14s is scheduled to be upgraded between fiscal years 1998 and 2003. The F-18E/F is scheduled to begin delivery by the year 2000.

In justifying the F-14 upgrade, Navy officials said that the upgraded F-14s would have a combat range and endurance greater than the F/A-18C's. However, we would like to point out that greater range and endurance are not as critical in littoral warfare, when carriers may operate closer to shore, and the Navy is not comparing the upgraded F-14 to the F/A-18E/F.

Advanced Submarine System Development (Line 49)
Ship Preliminary Design and Feasibility Studies (Line 52)
New Design SSN Development (Line 113)
Ship Contract Design/Live Fire T&E (Line 116)

(New Attack Submarine Work)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request			
Line 49	\$128.092	\$140.424	\$ 86.005
Line 52	12.941	58.047	12.626
Line 113	0	236.458	266.155
Line 116	36.081	41.527	160.092
Total	<u>\$177.114</u>	<u>\$476.456</u>	<u>\$524.878</u>
Potential rescission			
Line 49	0	\$ 5.226	0
Line 52	0	7.799	0
Line 113	0	99.801	0
Line 116	0	0	0
Total	<u>0</u>	<u>\$112.826</u>	<u>0</u>

Basis for Rescission

The Navy's preliminary design work for the New Attack Submarine is included in projects within line items 49, 52, 113, and 116. Because of significant DOD delays in selecting the New Attack Submarine design, approximately \$112.8 million of fiscal year 1994 funds can be rescinded.

The New Attack Submarine program encountered significant delays obtaining DOD's approval to begin the demonstration and validation phase (Milestone I). This milestone was originally scheduled for August 1993. On August 1, 1994, the Defense Acquisition Board met on the program, and DOD announced that Milestone I had been approved. However, at the completion of our work no acquisition decision memorandum had been signed. In addition, as of August 1, 1994, \$112.826 million of these funds had not been obligated pending DOD's action on the New Attack Submarine program plan.

AIR FORCE, RESEARCH, DEVELOPMENT, TEST, AND EVALUATIONC-17 Program (Line 69)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$168.642	\$232.497	\$221.454
Potential reduction	0	0	41.100

Basis for Reduction

The Air Force's fiscal year 1995 request for the C-17 program can be reduced by \$41.1 million. The line item request includes about \$116.3 million to fund part of the Air Force's C-17 settlement agreement with McDonnell Douglas. The Air Force subsequently reserved \$41.1 million of fiscal year 1994 RDT&E funds for the same use.

According to C-17 program officials, most of the \$41.1 million became available when a decision was made to use a portion of the static test article wing rather than a new production wing to conduct live fire testing, which resulted in savings of that amount.

C-17 program officials agreed that the fiscal year 1994 funds were available to help fund the extension of the flight test program, but they contended that all of the fiscal year 1995 RDT&E funds requested for the settlement are needed for other program purposes.

F-22 Engineering and Manufacturing Development (Line 72)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$1,925.200	\$2,082.900	\$2,461.100
Potential reduction	0	0	378.200

Basis for Reduction

The Air Force's fiscal year 1995 request for the F-22 can be reduced by \$378.2 million because the projected threat does not compel a faster pace of development.

Our analysis indicates that the performance characteristics of the F-15 weapon system are superior to those of the projected fighter threat well beyond the planned initial operational capability of the F-22 in 2004.¹ We believe maintaining the fiscal year 1994 level of funding would be prudent for this reason and because of the unknown impact of pending DOD and congressional decisions about mission requirements and affordability of tactical aircraft.

Most of the budget request for the F-22 program is for funding the engineering and manufacturing development contracts with the aircraft and engine prime contractors. The request provides funding not only for the basic contract efforts but also about \$205 million for identified risk items and potential risk items. Some of the funding requested, however, is for effort that is not defined, particularly \$61.3 million for "unknown/unknowns," or effort that is not planned or defined at this time, but that the Air Force believes might be needed during the fiscal year 1995 period of performance.

Program officials told us they believe these funds would provide them the flexibility to solve unanticipated problems without requesting additional funds from DOD or the Congress. With over \$200 million included in the estimate to cover risk, we believe \$61.3 million of funding for effort that is undefined could be deferred until the purpose of the funding is clear. A deferral

¹Tactical Aircraft: F-15 Replacement is Premature as Currently Planned (GAO/NSIAD-94-118, Mar. 25, 1994).

APPENDIX I

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of the funding for "unknown/unknowns" would not be in addition to the reduction of the overall request.

Aircraft Engine Component Improvement Program (Line 77)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$93.096	\$101.673	\$97.399
Potential reduction	0	0	5.000

Basis for Reduction

The Air Force's fiscal year 1995 budget request for the Aircraft Engine Component Improvement program can be reduced by \$5 million. This program provides contractor engineering support for in service engines to maintain flight safety, correct deficiencies, and improve reliability. It has been funded at about \$98 million annually over the last 4 years during which time total RDT&E funding has declined by 5 percent. The Air Force reprogrammed \$10 million from its fiscal year 1993 program and thus far has reprogrammed \$1.6 million from the 1994 program. A \$5-million reduction would be more consistent with the cuts made in other programs and the final funding after reprogramming for the program in recent years.

The program manager said that the Air Force might not be able to fund higher priority and all safety-related projects and that some projects affecting operability and maintainability would have to be reduced.

Joint Direct Attack Munition (Line 89)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$22.548	\$74.665	\$84.995
Potential reduction	0	0	47.365

Basis for Reduction

The Air Force's fiscal year 1995 request for the Joint Direct Attack Munition can be reduced by up to about \$47.4 million because the value of the contracts covering the first phase² of development is less than the funds available and requested.

The Air Force has \$117.9 million in funds available and requested for phase I development contracts in fiscal years 1994 and 1995. However, the phase I contracts and priced modifications and options are to cost about \$60.8 million, or about \$57.1 million less than the amount available and requested.

The Air Force reprogrammed \$2.2 million, and the program office identified \$7.5 million for additional contract modifications, leaving up to about \$47.4 million available for reduction.

Air Force officials identified other uses for the excess funding. However, the funds were not initially requested for these other purposes, and the proposed uses are not firm requirements. DOD's June 20, 1994, omnibus reprogramming request identified about \$5.1 million for the Joint Direct Attack Munition that is available for reprogramming for higher priority requirements.

²Funding for fiscal years 1994 and 1995 covers phase I of the contracts.

F-16 Squadron (Line 138)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$109.409	\$60.929	\$93.157
Potential reduction	0	0	9.100

Basis for Reduction

The Air Force's fiscal year 1995 request for the F-16 Squadron line item can be reduced by \$9.1 million. The Air Force's budget request includes \$37.1 million for the Close Air Support program. After submitting the budget, the Air Force changed its plan for the program, which decreased fiscal year 1995 funding requirements to \$28 million.

Air Force officials said that the \$9.1-million reduction would not adversely impact the program, but any reductions beyond the \$9.1 million would cause delays in fielding the planned close air support capabilities. Air Force officials also identified an unfunded requirement in the modular mission computer development program that could use \$4.5 million of this proposed reduction.

Satellite Control Network (Line 184)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$92.653	\$96.095	\$101.146
Potential reduction	0	0	38.000

Basis for Reduction

The Air Force's RDT&E fiscal year 1995 request can be reduced by \$38 million because these funds will not be needed until (1) the U.S. Space Command develops an architecture and implementation plan for an integrated DOD satellite control network and (2) the Air Force develops a compatible architecture, including a detailed implementation plan, that is based on a cost and operational effectiveness analysis of plausible alternatives.

Air Force officials acknowledge that they do not have an architecture on which to base its network upgrades or an implementation plan showing how the upgrades will be accomplished and integrated. Although the Air Force has budgeted \$1 million to develop an advanced satellite control architecture, Air Force officials acknowledge it could take at least a year to accomplish this.

DEFENSE-WIDE, RESEARCH, DEVELOPMENT, TEST, AND EVALUATIONTheater Missile Defense (Dem/Val) (Line 66)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$1,071.283
Potential reduction	0	0	27.800
Potential restriction	0	0	30.000

Basis for Reduction/Restriction

The Ballistic Missile Defense Organization's request for Theater Missile Defense (Dem/Val) for fiscal year 1995 can be reduced by \$27.8 million and obligational authority for an additional \$30 million can be restricted. The \$27.8 million for the technical risk mitigation efforts related to the Extended Range Interceptor missile in areas the Army considers low risk. The Extended Range Interceptor project manager stated that the project could derive some benefits from the risk mitigation work, but another project official reiterated that the program is considered low risk from a technical standpoint.

The \$30 million was requested to incrementally fund the purchase of 40 Theater High Altitude Area Defense User Operational Evaluation System missiles and should not be available for obligation until (1) an Anti-Ballistic Missile Treaty issue is resolved and (2) Office of Secretary of Defense (OSD) testing criteria are demonstrated. The Theater High Altitude Area Defense project officials agreed with our proposal to provide the funds with restrictions.

POTENTIAL REDUCTIONS AND RESCISSIONS IN PROCUREMENT PROGRAMS

We identified about \$1,455.1 million in potential reductions in the DOD procurement fiscal year 1995 budget request and about \$1,179.3 million in potential rescissions in prior year funds. The following sections provide a brief description of our analysis and proposed actions. Table II.1 summarizes the proposed actions.

Table II.1: Potential Reductions and Rescissions to Procurement Programs

Dollars in millions

Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Army		
Aircraft Procurement		
Guardrail Common Sensor (TIARA) (line 3)	\$1.500	0
AH-64 Apache (line 6)	0	\$8.300
Black Hawk, UH-60 (line 7)	10.100	0
Kiowa Warrior (line 23)	1.200	0
Aircraft Survivability Equipment (line 29)	2.230	0
Subtotal	15.030	8.300

APPENDIX II

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Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Missile Procurement		
Stinger (line 5)	0	7.700
Avenger (line 6)	0	8.400
Hellfire Missile System (line 8)	6.229	0
Tube-Launched, Optically Tracked, Wire-Guided (TOW 2) Missile (line 11)	0	1.967
Multiple Launch Rocket System (line 13)	16.100	0
Army Tactical Missile System (line 14)	0	7.000
Subtotal	22.329	25.067
Procurement of Weapons and Tracked Combat Vehicles		
Bradley Base Sustainment Program (line 3)	9.168	0
Carrier, Mod (line 8)	10.358	0
Bradley Fighting Vehicle System (Mod) (line 9)	20.600	0
Field Artillery Ammunition Support Vehicle, Product Improvement Program to Fleet (line 12)	6.172	0
M1 Abrams Tank (Mod) (line 15)	12.650	0
Subtotal	58.948	0

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Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Procurement of Ammunition		
5.56-mm Cartridge, All Types (line 1)	0	3.224
25-mm Cartridges, All Types (line 6)	1.548	0
35-mm M968 Subcaliber Tank Cartridges (line 12)	0	0.738
105-mm M490A1 TP-T Tank Cartridge (line 13)	0	15.001
105-mm M724A1 TPDS-T Tank Cartridge (line 14)	0	10.100
155-mm M864 Baseburner Artillery Projectiles (line 20)	0	9.514
Simulators, All Types (line 31)	0	0.667
Ammunition Components, All Types (line 32)	0	2.125
M483-M864 conversion (line 33)	0	25.000
AT-4 upgrade (line 34)	0	15.000
CAD/PAD, All Types (line 35)	0.333	1.358
Maintenance of Inactive Industrial Facilities (line 44)	0	23.600
Subtotal	1.881	106.327

Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Other Procurement		
Family of Medium Tactical Vehicles (line 5)	20.540	0
Single Channel Ground and Airborne Radio System Family (line 32)	18.688	0
Forward Area Air Defense Ground-Based Sensor (line 74)	47.974	0
Advanced Field Artillery Tactical Data System (line 80)	29.010	0
Chemical/Biological Protective Shelter (line 127)	9.539	0
Refrigeration Equipment (line 132)	2.899	0
Causeway Systems (line 154)	14.309	0
Subtotal	142.959	0
Army total	241.147	139.694
Navy		
Aircraft Procurement		
EA-6B Remanufacturing (line 1)	0	470.276
EA-6B Remanufacturing Advance Procurement (line 2)	0	46.948
F/A-18C/D (line 5)	26.700	0
A-6 Series Modifications (line 20)	0	11.627
Common ECM (Electronic Countermeasures) Equipment (line 47)	0	35.552
Subtotal	26.700	564.403

Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Weapons Procurement		
Sparrow Modifications (line 17)	13.900	0
MK-46 Modifications (line 32)	2.571	22.700
Machine Gun Ammunition (line 47)	1.301	0
5-Inch/54 Gun Ammunition (line 56)	10.901	0
Subtotal	28.673	22.700
Other Procurement		
Pollution Control Equipment (line 19)	5.000	0
HM&E (Hull, Mechanical and Electrical) items under \$2 million (line 26)	5.630	0
Reactor Plant Components (line 34)	7.526	0
Air Expendable Countermeasures (line 52)	0	8.000
SSN Acoustics (line 54)	1.539	0
Communications and Electronics Equipment-ASW Surface Ship Torpedo Defense (line 60)	12.400	14.632
C3 (Command, Control, and Communications) Countermeasures Support Equipment (line 73)	3.927	0
Navy Tactical Data System (line 81)	3.723	0
Shipboard Tactical Communications (line 113)	17.118	0
SATCOM Ship Terminals (line 122)	23.775	0
Point Defense Support Equipment (line 172)	5.507	0
Subtotal	86.145	22.632

Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Procurement, Marine Corps 155-mm M203A1 Red Bag Propelling Charge (line 12)	11.995	0
25-mm Cartridges, All Types (line 17)	1.940	0
Subtotal	13.935	0
Navy total	155.453	609.735
Air Force		
Aircraft Procurement C-17 Aircraft (line 6)	99.300	110.000
Non-Developmental Airlift Aircraft (line 10)	103.700	77.900
Joint Primary Aircraft Training System (line 12)	39.300	0
F-16 Modifications (line 27)	36.670	0
KC-135 Modification Programs (line 49)	16.700	0
E-4B (Mod) (line 51)	21.400	0
Aircraft Spares and Repair Parts (line 57)	100.269	73.081
Common AGE (Aeronautical Ground Equipment) (line 58)	6.376	0
War Consumables (line 60)	2.075	0
Common ECM (Electronic Countermeasures) Equipment (line 63)	31.228	0
Subtotal	457.018	260.981

APPENDIX II

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Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Weapons Procurement		
Tri-Service Standoff Attack Missile (line 4)	373.875	160.860
Advanced Medium Range Air-to-Air Missile (line 6)	84.217	0
Spares and Repair Parts (line 21)	3.183	0
30-mm Training Cartridge (line 42)	12.400	0
Bomb, Practice, 25 Pound (line 49)	3.980	0
Subtotal	477.655	160.860
Other Procurement		
BSU-49 Inflatable Retarder (line 12)	0	8.000
Satellite Control Network (line 110)	10.000	0
Theater Battle Management C2 System/ Contingency Theater Automated Planning System (line 112)	13.131	0
Tactical C-E (Communications- Electronics) Equipment (line 124)	6.728	0
Subtotal	29.829	8.000
Air Force total	964.532	429.841

Agency/appropriation/program	Potential fiscal year 1995 reductions	Potential prior year rescissions
Defense-wide		
Procurement Defense Airborne Reconnaissance Program (line 3)	94.000	0
Defense-wide total	94.000	0
Procurement total	\$1,455.132	\$1,179.270

The basis for the potential reductions and rescissions identified by program in table II.1 follows.

ARMY, AIRCRAFT PROCUREMENTGuardrail Common Sensor (TIARA) (Line 3)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$111.386	\$17.219	\$4.991
Potential reduction	0	0	1.500

Basis for Reduction

The Army's fiscal year 1995 budget request for the Guardrail Common Sensor can be reduced by \$1.5 million because of excess fiscal year 1993 funding that could be used to meet fiscal year 1995 requirements. Fiscal year 1993 funds are available because of overbudgeting for five RC-12Ps, Guardrail Common Sensor aircraft. The contract for these aircraft was definitized in March 1994 at a cost of about \$28 million, compared to a budget amount of about \$29.5 million. These funds have been forwarded to the Army Aviation and Troop Command.

A special electronic mission aircraft product manager representative agreed that about \$1.5 million was a potential reduction.

AH-64 Apache (Line 6)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$139.570	\$167.570	\$5.611
Potential rescissions	5.600	2.700	0

Basis for Rescissions

The Army's fiscal year 1993 and 1994 funds for the AH-64 Apache can be rescinded by \$5.6 million and \$2.7 million, respectively. These excess funds resulted from a reduction in System Program Management costs, double counting in the Backup Control System Deactivation modification, excess fiscal year 1994 Apache procurement funds, and a reduction in engine unit costs.

Army officials stated that they plan to use these funds within the Apache program to cover unanticipated price increases and previously unfunded requirements, such as a collective training device. They did not provide documentation for the planned use of the excess funds. Also, we believe that unfunded requirements, such as a collective training device, should be justified and approved for funding by the Congress rather than funded through the use of excess funds.

Black Hawk, UH-60 (Line 7)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$187.238	\$252.857	\$252.859
Potential reduction	0	0	10.100

Basis for Reduction

The Army's fiscal year 1995 budget request for the UH-60 Black Hawk can be reduced by \$10.1 million because of excess fiscal years 1993 and 1994 funding that can be used to meet fiscal year 1995 requirements and an overstatement of requirements in the fiscal year 1995 budget request. An excess of \$3.8 million in the fiscal year 1993 budget resulted from an overstated engine budget adjustment factor. An excess of \$1.8 million in the fiscal year 1994 budget resulted from overallocating funds for 3 aircraft and overestimating for 120 engines. The fiscal year 1995 budget request can be reduced by about \$4.5 million because the budget for engines exceeds the contract option price.

We discussed the potential reductions with a Black Hawk Project Management Office official. He agreed with our methodology but said the Project Manager's Office plans to use some of these savings for underbudgeted projects. However, the Project Office still has approximately \$12 million in uncommitted and \$48 million in unobligated fiscal year 1993 and 1994 funds that can be used to meet fiscal year 1995 requirements.

Kiowa Warrior (Line 23)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$319.195	\$226.248	\$111.767
Potential reduction	0	0	1.200

Basis for Reduction

The Army's fiscal year 1995 budget request for the OH-58D Kiowa Warrior can be reduced by \$1.2 million because the Army overbudgeted for the Kiowa Warrior.

According to Army officials, the \$1.2 million is required for other unspecified program shortfalls.

Aircraft Survivability Equipment (Line 29)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$37.710	\$37.559	\$29.583
Potential reduction	0	0	2.230

Basis for Reduction

The Army's fiscal year 1995 budget request for aircraft survivability equipment can be reduced by about \$2.2 million because of overbudgeting for engineering change orders for the Aircraft Survivability Equipment Trainer. According to aircraft survivability equipment program personnel, the overbudgeting resulted from cost changes that occurred since the budget was submitted in February 1994. The approximately \$2.2 million is made up of about \$1.6 million from fiscal year 1994 funds that can be used to meet fiscal year 1995 requirements and \$0.6 million from the Army's fiscal year 1995 budget request.

ARMY, MISSILE PROCUREMENT**Stinger (Line 5)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$34.652	\$33.356	0
Potential rescission	0	7.700	0

Basis for Rescission

The Army's fiscal year 1994 unobligated funds totaling \$7.7 million for the Stinger missile system can be rescinded because the Army does not plan to use the funds for the Stinger missile system.

The Appropriations Committees provided \$25 million more than the Army requested in fiscal year 1994 for 300 Stinger missiles to bridge a 4- to 6-month production gap before a scheduled retrofit program. However, a program official told us that because of a schedule slip, the funding and additional missiles will no longer bridge the gap, now estimated at 13 months. He said that by beginning a retrofit program rather than producing new missiles, the Army can eliminate the production gap and produce a greater number of more capable missiles. In addition, he said that the Army does not have a requirement for the additional missiles and that the Future Years Defense Plan does not include sufficient funds to field the missiles. Therefore, the Army plans to use \$7.7 million of the appropriation to support fielding of previously procured missiles. It also plans to reprogram \$17.3 million--\$9.6 million for the modification of Stinger missiles in inventory and \$7.7 million for purposes other than Stinger. DOD's June 20, 1994, omnibus reprogramming request identified the \$17.3 million as being available for higher priority requirements.

Avenger (Line 6)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$101.535	\$135.231	\$13.773
Potential rescission	0	8.400	0

Basis for Rescission

The Army's fiscal year 1994 unobligated funds totaling \$8.4 million for the Avenger can be rescinded because the funds are excess to the program's needs. According to a program management official, this amount was appropriated but not authorized; therefore, the project office restructured the fiscal year 1994 program to be conducted without the funds.

DOD's June 20, 1994, omnibus reprogramming request identified the \$8.4 million as being available for higher priority requirements.

Hellfire Missile System (Line 8)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$85.350	\$64.835	\$121.641 ^a
Potential reduction	0	0	6.229

^a The request includes \$41.995 million for the Longbow missile.**Basis for Reduction**

The Army's fiscal year 1995 request for the Hellfire missile system can be reduced by about \$6.2 million. The request includes funds for a government-operated missile maintenance facility and 830 Hellfire missiles. The Army, however, has determined that about \$6.2 million can be saved by establishing a contractor-operated maintenance facility. According to program management officials, any savings from establishing a contractor-operated maintenance facility would be applied to the purchase of Hellfire missiles to offset an underestimate of the price of the missiles in the fiscal year 1995 budget.

However, these funds may no longer be needed to buy missiles because the Armed Services and Appropriations Committees have recommended an additional \$12 million to buy missiles, and project management officials said the \$6.229 million excess maintenance facility funds would not be needed if the \$12 million in additional funding is provided.

Tube-Launched, Optically Tracked, Wire-Guided (TOW 2) Missile
(Line 11)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$133.859	\$73.282 ^a	\$27.808
Potential rescission	0	1.967	0

^a The Army's fiscal year 1994 budget documents show the TOW 2 appropriation as \$25.282 million. However, the Army received \$73.282 million.

Basis for Rescission

The Army's fiscal year 1994 unobligated funds totaling about \$2 million for the TOW 2 missile can be rescinded because it is not planned for the purpose appropriated. The TOW program was appropriated \$3 million in fiscal year 1994 that was not authorized. According to a program management official, the Army recently released about \$1 million of the \$3 million to the program office for the TOW missile, but it is withholding the remaining funds for planned reprogramming. A program management official also said that these funds were not necessary for critical TOW requirements.

DOD's June 20, 1994, omnibus reprogramming request identified the remaining funds as being available for higher priority requirements.

Multiple Launch Rocket System (Line 13)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$144.819	\$178.916	\$60.123
Potential reduction	0	0	16.100

Basis for Reduction

The Army's fiscal year 1995 request for Multiple Launch Rocket System launchers can be reduced by \$16.1 million--\$3.5 million because the request is excess to the program's needs and \$12.6 million because the request can be offset by unobligated fiscal year 1994 funds. The \$12.6 million could be requested in the years needed--fiscal years 1996 and 1997.

The Army does not plan to procure launchers in fiscal year 1995; thus, the \$3.5 million in funding for engineering change proposals will not be required. Program management officials agreed; however, they said the funds may be required to support a fiscal year 1995 National Guard launcher procurement. We believe that it would be more appropriate to include engineering change proposal funding in the National Guard's request.

In addition, Multiple Launch Rocket System program management officials agreed that funds totaling \$12.6 million should be requested in the fiscal year needed. However, they said that the Army cannot request these funds in fiscal years 1996 and 1997 because the Future Years Defense Plan does not include adequate fielding and support funding beyond fiscal year 1994. We believe that funds should not be tied up for extended periods before they are needed for obligation.

Army Tactical Missile System (Line 14)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$168.688	\$152.559	\$115.858
Potential rescission	0	7.000	0

Basis for Rescission

The Army's fiscal year 1994 unobligated funds totaling \$7 million for the Army Tactical Missile System (ATACMS) can be rescinded because the Army has no plans for their use. In fiscal year 1994, the Congress appropriated about \$152.6 million to procure 255 missiles. However, according to program management personnel, the missiles were acquired for \$7 million less than expected. The officials said that as of June 1994, the project office had no plans to obligate the funds for other purposes because the funds were not authorized by the Congress.

DOD's June 20, 1994, omnibus reprogramming request identified the \$7 million as being available for higher priority requirements.

ARMY, PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES**Bradley Base Sustainment Program (Line 3)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$124.593	\$192.439	\$145.438
Potential reduction	0	0	9.168

Basis for Reduction

In March 1994, the Program Executive Office for Armored Systems Modernization reprogrammed about \$9.2 million of fiscal year 1994 funds from the Bradley Vehicle program to the Bradley Base Sustainment program. The program office officials plan to use the funds to remanufacture additional vehicles to the most current configuration. These reprogrammed funds represent a potential reduction to the fiscal year 1995 budget because it expands the remanufacturing beyond the number of vehicles requested in the fiscal year 1995 budget.

Army officials believe this additional funding is desirable because it will help to sustain the production base and may decrease unit costs. These funds, however, equate to less than 1 month of production. Also, such a small increase would not likely have a significant impact on unit costs and Army officials do not have firm estimates for the unit cost to remanufacture vehicles.

Carrier, Mod (Line 8)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$11.701	\$8.465	\$51.090
Potential reduction	0	0	10.358

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced by about \$10.4 million without causing a break in the transmission contractors production. The request included about \$32.2 million for Block I modification kits for the M113 troop carrier. Since the budget request was prepared, additional orders from the Army and Foreign Military Sales were received.

Army officials agreed the procurement of 240 kits costing about \$21.8 million would be adequate to maintain transmission production through fiscal year 1995. They believe that the procurement of additional modification kits with the \$10.4 million would be desirable because the upgrade program has a significant shortfall in out-year funding. However, the fiscal year 1995 budget request was justified on funding 189 Block I kits and on preventing a break in the transmission production line, both of which require only about \$21.8 million.

Bradley Fighting Vehicle System (Mod) (Line 9)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$44.346	\$29.894	\$72.512
Potential reduction	0	0	20.600

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced by \$20.6 million because funds to buy kits and engines are not needed in fiscal year 1996. The request includes \$20.6 million to buy engines and high survivability modification kits for Bradley vehicles. The Army already has sufficient kits and engines for installation into the second quarter of fiscal year 1997. The production lead time for the items the Army intends to buy with the fiscal year 1995 money is 12 months. Since the engines and mod kits will not be installed until the second quarter of fiscal year 1997, the procurement of these items could be deferred until the second quarter of fiscal year 1996.

Bradley program office officials said the installation schedule to upgrade Bradley vehicles has been delayed by the closing of the Mainz Army Depot in Germany and the lower than anticipated installations at Red River Army Depot in Texas. They agreed that deferring the funding of these modifications to fiscal year 1996 would not affect current installation schedules.

Field Artillery Ammunition Support Vehicle, Product Improvement Program to Fleet (Line 12)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$25.763	\$16.085	\$16.125
Potential reduction	0	0	6.172

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced by about \$6.2 million because it includes about \$5 million to install vehicle kits and about \$1.2 million to field an improved vehicle in fiscal years 1996 and 1997. Army budget guidance states that funds for such items should be requested for the year the cost is actually incurred.

Army program officials agreed.

M1 Abrams Tank (Mod) (Line 15)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$25.120	\$48.998	\$40.291
Potential reduction	0	0	12.650

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced by about \$12.7 million because a planned prior year modification has been canceled and the installation of M1 modification kits has been delayed. As a result, installation of kits will not occur until fiscal year 1996.

Regarding fiscal year 1995 funding for installation of prior year kits, Army officials stated that the prior year program was under a full funding policy when it was initiated in fiscal year 1991. Monies for installation of the kits in fiscal year 1996 can be obtained in that fiscal year's budget request.

ARMY, PROCUREMENT OF AMMUNITION**5.56-mm Cartridge, All Types (Line 1)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$33.767	\$25.000	\$73.605
Potential rescission	0	3.224	0

Basis for Rescission

The approximate \$3.2 million the Congress appropriated above the Army's fiscal year 1994 request for 5.56-mm cartridges to support annual training can be rescinded. This amount can be rescinded because the Army reached its inventory objective in fiscal year 1994 and therefore does not need to buy more 5.56-mm cartridges. The procurement has not been authorized and the funds remain unobligated.

Army officials agreed that they do not need the fiscal year 1994 funds to buy more 5.56-mm cartridges but would like to reprogram the funds. DOD's June 20, 1994, omnibus reprogramming request identified the funds as being available for higher priority requirements.

25-mm Cartridges, All Types (Line 6)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$4.663	\$30.535	\$21.935
Potential reduction	0	0	1.548

Basis for Reduction

The Army's fiscal year 1995 request for 25-mm cartridges can be reduced by about \$1.5 million for 45,000 M794 dummy cartridges because projected inventories of these dummy cartridges exceed the Army's needs.

Army officials told us that the fiscal year 1995 buy is needed to replenish supplies at depots in the continental United States and that the fiscal year 1995 request represents an economical buy. However, Army documentation indicates the Army has an adequate inventory of M794 dummy cartridges and does not have to buy this round again for another 2 years. Therefore, the fiscal year 1995 request could be denied.

35-mm M968 Subcaliber Tank Cartridges (Line 12)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$1.309	\$0.738	0
Potential rescission	0	0.738	0

Basis for Rescission

The Army's approximate \$0.7 million unobligated fiscal year 1994 funds for 35-mm M968 subcaliber tank cartridges can be rescinded because the Army has a sufficient inventory of M968 cartridges to meet projected needs.

Army officials agreed the Army has a sufficient inventory of the cartridges but would like to reprogram the fiscal year 1994 funds to higher priority programs.

105-mm M490A1 TP-T Tank Cartridge (Line 13)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$10.001	\$5.000	0
Potential rescissions	10.001	5.000	0

Basis for Rescissions

The Army's approximate \$10 million in unobligated fiscal year 1993 funds and \$5 million in unobligated fiscal year 1994 funds for 105-mm M490A1 TP-T tank cartridges can be rescinded because (1) the Army has a sufficient inventory of this item and (2) production of quantities contracted in prior years will maintain production through October 1996.

Army officials agreed that additional cartridges are not needed to meet projected training needs but would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identifies the \$5 million in fiscal year 1994 appropriations as being available for higher priority requirements.

105-mm M724A1 TPDS-T Tank Cartridge (Line 14)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$10.100	\$5.000	0
Potential rescissions	5.100	5.000	0

Basis for Rescissions

The Army has \$10.1 million in unobligated funds for fiscal years 1993 and 1994 for 105-mm M724A1 TPDS-T tank cartridges that can be rescinded. The Army has a sufficient inventory of this item, and a production backlog will maintain production through October 1996.

Army officials agreed that additional cartridges are not needed to meet projected requirements and that fiscal year 1993 funds can be rescinded. They disagreed with the rescission of the fiscal year 1994 funds and would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identifies the \$5 million in fiscal year 1994 appropriations as being available for higher priority requirements.

155-mm M864 Baseburner Artillery Projectiles (Line 20)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$90.917	0	0
Potential rescission	9.514	0	0

Basis for Rescission

The Army's approximate \$9.5 million in unobligated fiscal year 1993 funds for 155-mm M864 baseburner artillery projectiles can be rescinded because the inventory of M864 projectiles already exceeds the Army's needs and the use of grenades from M483 rounds is projected to result in savings.

Army officials agreed there may be projected savings in the fiscal year 1993 baseburner program, but they would like to retain the funds in case costs for the round increase. However, since the Army has a sufficient inventory of M864 projectiles, potential cost increases should not be a factor in retaining in the funds.

Simulators, All Types (Line 31)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$5.399	\$7.358	\$9.388
Potential rescission	0.667	0	0

Basis for Rescission

The Army has about \$0.7 million in fiscal year 1993 funds for simulators that can be rescinded. These funds have not been obligated because of safety problems with the simulators.

Army officials agreed they do not need the funds for simulators and would like to reprogram the funds to buy demolition munitions instead.

Ammunition Components, All Types (Line 32)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$26.082	\$8.146	\$5.222
Potential rescission	2.125	0	0

Basis for Rescission

The Army has about \$6.8 million in unobligated fiscal year 1993 funds for ammunition components of which about \$2.1 million can be rescinded as a result of lower contract prices.

Army officials agreed they do not need the funds for ammunition components in fiscal year 1993, but they want to reprogram the funds to higher priority programs.

M483-M864 Conversion (Line 33)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	\$25.000	0
Potential rescission	0	25.000	0

Basis for Rescission

The Army's \$25 million in unobligated fiscal year 1994 funds to demonstrate the feasibility of converting 155-mm M483 projectiles to 155-mm M864 baseburners can be rescinded because the Army is already using fiscal year 1992 and 1993 funds to demonstrate this process. In addition, the inventory of M864 cartridges already exceeds the Army's needs.

Army officials agreed that they did not need to demonstrate the feasibility of conversion with fiscal year 1994 funds but would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identifies the \$25 million as being available for higher priority requirements.

AT-4 Upgrade (Line 34)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	\$15.000	0
Potential rescission	0	15.000	0

Basis for Rescission

The Army's \$15 million in unobligated fiscal year 1994 funds to upgrade the AT-4 weapon can be rescinded because Army officials told us that the weapon performed as required in Operation Desert Storm and does not need to be upgraded. The Army Armament, Research, Development, and Engineering Center conducted tests during fiscal year 1992 under Desert Storm conditions and found no significant adverse performance by the weapon.

Army officials agreed that they did not need to upgrade the AT-4 weapon but would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identified the \$15 million as being available for reprogramming for higher priority requirements.

CAD/PAD, All Types (Line 35)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$11.413	\$9.293	\$7.084
Potential reduction	0	0	0.333
Potential rescission	0	1.358	0

Basis for Reduction/Rescission

The Army's fiscal year 1995 request for cartridge-activated devices and propellant-activated devices (CAD/PAD) can be reduced by about \$0.3 million, and unobligated fiscal year 1994 funds of about \$1.4 million can be rescinded because delays in the production of two items--the MT20 fire extinguisher cartridge squib and the 3W84 arm fire initiator--have led to the cancellation of requirements for these items.

Army officials agreed with the reduction for fiscal year 1995 but would like to reprogram the fiscal year 1994 funds to higher priority programs.

Maintenance of Inactive Industrial Facilities (Line 44)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$57.759	\$59.801	\$48.142
Potential rescissions	5.900	17.700	0

Basis for Rescissions

Because of reduced requirements, the Army has \$5.9 million in unobligated fiscal year 1993 funds and \$17.7 million in fiscal year 1994 funds for maintenance of inactive facilities that it does not need, and the funds can, therefore, be rescinded. The Army was able to reduce its maintenance requirements by downsizing the industrial base and placing certain facilities in caretaker status.

Army officials agreed they did not need the funds to meet maintenance requirements but would like to reprogram the fiscal year 1993 funds to dispose of excess equipment. The Army wants to reprogram the fiscal year 1994 funds for environmental cleanup at the Sunflower Army Ammunition Plant and other higher priority programs within the production base account. DOD's June 20, 1994, omnibus reprogramming request identified the \$5.9 million in fiscal year 1993 appropriations and the \$15.2 million in fiscal year 1994 appropriations as being available for higher priority requirements.

ARMY, OTHER PROCUREMENT**Family of Medium Tactical Vehicles (Line 5)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$255.099	\$19.500	\$382.739
Potential reduction	0	0	20.540

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced about \$20.5 million because the Army's request includes funding to buy 185 more vehicles than it is obligated to procure under its contract.

The Army has recently restarted initial operational testing after a number of reliability, availability, and maintainability problems with the vehicles were found in earlier testing. The Army's senior operational testing official stated that he does not believe the 18 trucks selected for the current testing will meet reliability criteria and that he believes testing will again be suspended. In addition, production is currently behind schedule. Thus, we do not believe the Army should obligate additional funds to buy more vehicles than required under the contract. Procuring option quantities before problems are fixed increases the investment risk.

Both the contractor and Army program officials believe the problems will be solved and production will be on schedule by April 1995. Army program officials stated that buying more vehicles now could save money and the aging medium truck fleet should be replaced as soon as possible. Also, they stated that they do not intend to obligate the funds until the vehicles have passed the required testing. Neither the contractor nor the Army program officials provided documentation to support their beliefs that the problems will be solved and production will be on schedule by April 1995. In the absence of such documentation, we do not believe that the Army should contract for more vehicles than currently required under the contract. If the problems are not easily solved, the additional vehicles could cost the Army more to fix than waiting until the problems are finally solved.

Single Channel Ground and Airborne Radio System Family (Line 32)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$217.077	\$352.133	\$367.382
Potential reduction	0	0	18.688

Basis for Reduction

The Army's fiscal year 1995 request for the Single Channel Ground and Airborne Radio System family can be reduced by about \$18.7 million because unit cost estimates used for the budget were overstated. In estimating the fiscal year 1995 hardware unit prices, the Army increased the fiscal year 1995 budget request approximately \$18.7 million over the fiscal year 1994 contract prices because the program office considered the fiscal year 1994 prices unusually low.

Program officials stated that ground radio prices obtained in fiscal year 1994 were unusually low due to competitive initiatives by the two competing contractors in the first year of competition. However, their concern may not be justified because the fiscal year 1995 buy also will be based on competition. Additionally, improvements in production learning curves should tend to hold prices down.

Forward Area Air Defense Ground-Based Sensor (Line 74)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	\$7.900	\$64.316
Potential reduction	0	0	47.974

Basis for Reduction

The Army's fiscal year 1995 budget request can be reduced by about \$48 million for initial Forward Area Air Defense Ground-Based Sensor production because the Army has not reestablished a requirement for this system since the Cold War ended and these weapons have been changed or canceled, except one.

With the dissolution of the Soviet Union and breakup of the Warsaw Pact, the primary threat now comes from various regional threats that do not have the air power of the former Soviet Union. Further, all but one of the planned Forward Area Air Defense Ground-Based Sensor weapon systems have been canceled or changed. These changes in the air threat and weapon systems should alter the air defense radar requirements.

Program officials believe that an upcoming cost and operational effectiveness analysis will reaffirm the needs for the Forward Area Air Defense Ground-Based Sensor. However, in our view, this analysis is not the appropriate vehicle to establish the need for the system.

Advanced Field Artillery Tactical Data System (Line 80)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	\$4.400	\$32.610
Potential reduction	0	0	29.010

Basis for Reduction

The Army's fiscal year 1995 procurement request of approximately \$32.6 million can be reduced by about \$29 million because procurement of the system will slip to fiscal year 1996. The Army plans to spend the remaining \$3.6 million for training base equipment. Developmental testing and evaluation confirmed that the system's hardware and software had problems meeting performance requirements. Since then, the Army has (1) changed to a more powerful computer, (2) deferred operational testing, (3) issued a stop work order to the contractor for delivery of version-2 software, and (4) directed the contractor to correct deficiencies and complete version-1 capabilities by October/November 1994. Program officials have rescheduled operational testing to June-July 1995, and the procurement decision would slip to fiscal year 1996.

Program officials agreed that an acquisition decision is now planned to be made in fiscal year 1996.

Chemical/Biological Protective Shelter (Line 127)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$9.539
Potential reduction	0	0	9.539

Basis for Reduction

The Army's fiscal year 1995 Chemical/Biological Protective Shelter budget request for about \$9.5 million can be denied because program delays and a compressed acquisition schedule make it unlikely that these funds can be used during fiscal year 1995. Fiscal year 1996 funding would correspond more closely to actual project milestones.

An Army official said it may be difficult to use fiscal year 1995 funds the first year they are available.

Refrigeration Equipment (Line 132)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$4.788
Potential reduction	0	0	2.899

Basis for Reduction

The Army's fiscal year 1995 budget request for 10,000 and 9,000 British thermal units diesel and 10,000 British thermal units electrical refrigeration units can be reduced by about \$2.9 million. Due to schedule delays, it is not likely that the Army will be able to award the follow-on contract during fiscal year 1995. A program official agreed with our findings but expressed concern whether adequate lead time is available to add this amount in the fiscal year 1996 budget request.

Causeway Systems (Line 154)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$10.507	0	\$14.309
Potential reduction	0	0	14.309

Basis for Reduction

The Army's fiscal year 1995 budget request totaling about \$14.3 million for Causeway systems can be denied. This amount is for Roll On/Roll Off Discharge Platforms. This reduction is possible because fiscal year 1996 funds, rather than fiscal year 1995 funds, can be used to closer approximate the ordering periods in the existing requirements contract.

An Army official in the Amphibians and Watercraft Weapon System Management Office agreed with our assessment. However, he was concerned that, if fiscal year 1995 funds are reduced, it may be difficult to get this requirement into the fiscal year 1996 budget submission.

NAVY, AIRCRAFT PROCUREMENT**EA-6B Remanufacturing (Line 1)**

Dollars in millions

	Fiscal year		
	1993 ^a	1994 ^a	1995
Funding/request ^b	\$430.192	\$77.586	0
Potential rescissions	392.690	77.586	0

^a Fiscal year 1993 funds of \$392.690 million and fiscal year 1994 funds of \$77.586 million are being withheld by the OSD and Navy Comptrollers.

^b The Navy did not request funds for EA-6B remanufacturing in the fiscal year 1995 budget. Fiscal year 1993 and 1994 figures were obtained from Navy budget tracking systems.

Basis for Rescissions

The Navy's fiscal year 1993 funding of about \$392.7 million and fiscal year 1994 funding of about \$77.6 million can be rescinded because the Navy terminated the EA-6B remanufacturing program in February 1994. Thus, funds are excess to program requirements.

The Navy Comptroller and program officials agreed that about \$392.7 million in fiscal year 1993 funds and about \$77.6 million in fiscal year 1994 funds are excess to program requirements. According to program officials, program termination cost will be negotiated with the production contractor and budgeted in the out years, about fiscal years 1996 and 1997.

Upon congressional approval, the DOD Comptroller plans to reprogram the excess fiscal year 1993 funds to the Cooperative Threat Reduction Program (Nunn-Lugar) and the Defense Business Operating Fund.

EA-6B/Remanufacturing Advance Procurement (Line 2)

Dollars in millions

	Fiscal year		
	1993 ^a	1994	1995 ^b
Funding/request	\$46.948	0	0
Potential rescission	46.948	0	0

a The fiscal year 1993 dollar figure was obtained from Navy budget tracking systems because the item was not included in the fiscal year 1995 budget request. Fiscal year 1993 advance procurement funds of \$46.948 million are being withheld by the OSD Comptroller.

b The Navy did not request funds for EA-6B remanufacturing advance procurement in the fiscal year 1995 budget. Therefore, the line number used is from fiscal year 1994 budget documents.

Basis for Rescission

The Navy's fiscal year 1993 advance procurement funding of about \$47 million for the EA-6B remanufacturing program can be rescinded because the Navy terminated the program in February 1994 and the funds are excess to program requirements.

The Navy Comptroller and EA-6B program officials agreed that the funds are excess to program requirements. The OSD Comptroller plans to request that fiscal year 1993 advance procurement funds be reprogrammed to the Defense Base Operating Fund. The funds are included in DOD's fiscal year 1994 omnibus reprogramming request.

F/A-18 C/D (Line 5)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$1,334.084	\$1,736.187	\$1,167.365
Potential reduction	0	0	26.700

Basis for Reduction

The Navy's fiscal year 1995 request for the F/A-18C/D can be reduced by \$26.7 million--this amount has been requested to begin low-rate initial production of the ALR-67(V)3 radar warning receiver for future production F/A-18C/D aircraft. The Navy is conducting developmental tests on engineering and manufacturing development versions of the receiver to serve as a basis for making the low-rate initial production decision. However, it will not have completed operational tests on production representative systems before awarding the low-rate initial production contract. The production representative systems are to be procured with \$40 million in fiscal year 1994 Common EW (Electronic Warfare) Development funds, which are currently on withhold. In addition, they will be of a different design modified to reduce internal size of the system, improve reliability and maintainability, and replace coaxial delay line with a surface acoustic wave device. The current engineering and manufacturing development versions undergoing tests do not include these major modifications. Thus, the Navy will not have complete assurance that the production representative systems will perform as required. The low-rate initial production decision should be deferred so that the commitment to production can be based on final test results of production representative systems.

Assuming no delays, the Navy plans to award a contract for the radar warning receivers in the fourth quarter of fiscal year 1995.

A-6 Series Modifications (Line 20)

Dollars in millions

	Fiscal year		
	1993 ^a	1994	1995
Funding/request	\$51.360	\$9.464	0
Potential rescission	11.627	0	0

^a The OSD Comptroller has fiscal year 1993 funds of \$11.627 million on withhold.

Basis for Rescission

The Navy's fiscal year 1993 modification funding of approximately \$11.6 million can be rescinded because the A-6 aircraft is scheduled for retirement and, thus, the amount is excess. The Congress provided \$10 million of that amount to be used only for acquisition of A-6E mission recorder/reproducer systems. Subsequently, in its Bottom-Up Review, DOD decided to retire the A-6 aircraft earlier than planned. Navy Comptroller and program officials agree that these funds are excess to requirements and there are no plans to acquire the mission recorder/reproducer system for the A-6 aircraft because it is scheduled for retirement within the next 5 years. However, a Navy Comptroller official indicated that a study is being conducted to determine whether the A-6 aircraft recorder/reproducer could be used on the S-3 aircraft and that the Navy will seek approval to reprogram these funds to modify the S-3.

Common ECM Equipment (Line 47)

Dollars in millions

	Fiscal year		
	1993	1994 ^a	1995
Funding/request	\$71.540	\$71.824	\$12.664
Potential rescission	0	35.552	0

^a Fiscal year 1994 funds of \$35.552 million are being withheld by the OSD Comptroller.

Basis for Rescission

The Navy's fiscal year 1994 funding of about \$35.6 million in the common ECM line for the AN/APR-39(V)2 radar warning receiver can be rescinded because the receiver failed operational evaluation in 1992 and will not be tested again until the third quarter of fiscal year 1995.

A Navy Comptroller official stated that his office intends to include the approximate \$35.6 million in the reprogramming request to cover shortfalls in the operations and maintenance and personnel budgets. The fiscal year 1994 omnibus reprogramming request included \$30 million from this line item.

NAVY, WEAPONS PROCUREMENT**Sparrow Modifications (Line 17)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$19.200	\$26.800	\$26.800
Potential reduction	0	0	13.900

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by \$13.9 million because technical problems in developing the Sparrow infrared seeker have not been resolved and the planned contract award for low-rate initial procurement will slip a year. The Navy Comptroller has placed \$13.9 million in fiscal year 1994 funds on hold, and this amount is available for use to execute the low-rate initial procurement contract in fiscal year 1995.

Program officials told us that the \$13.9 million in fiscal year 1994 funds, which is being withheld by the Navy Comptroller, could be used in fiscal year 1995 to fund the low-rate initial procurement hardware requirement if \$12.9 million is appropriated in fiscal year 1995 to fund related government support requirements.

MK-46 Modifications (Line 32)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$35.769	\$27.947	\$ 2.571
Potential reduction	0	0	2.571
Potential rescission	22.700	0	0

Basis for Reduction/Rescission

Because of problems during operational test and evaluation and program delays in the National Surface Ship Torpedo Defense Program, the Navy's fiscal year 1995 budget request for MK-46 modifications can be reduced by about \$2.6 million. Additionally, the Navy's fiscal year 1993 funds of \$22.7 million to buy antitorpedo torpedo modifications for the program can be rescinded.

In December 1993, we reported that the National Surface Ship Torpedo Defense program was experiencing development and testing problems. The antitorpedo torpedo portion of the program was not meeting its performance requirements and, even if it did, would add little or no improvement to overall system effectiveness. In April 1994, the Commander, Operational Test and Evaluation Force, reported that the antitorpedo torpedo failed to pass operational test and evaluation. Because the system failed its operational test and evaluation, the Navy Comptroller is planning to reprogram \$25.3 million in fiscal year 1993 funds for the antitorpedo torpedo to the Ship Cost Adjustment account.

Machine Gun Ammunition (Line 47)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$0.995	\$1.544	\$14.181
Potential reduction	0	0	1.301

Basis for Reduction

The Navy's approximate \$14.2 million fiscal year 1995 request for machine gun ammunition can be reduced by about \$1.3 million for 70,023 25-mm HEI PGU-25/32 cartridges because the Navy overstated its training needs. Actual expenditures for fiscal years 1991 through 1993 were less than 39 percent of projections.

Based on 16,831 cartridges used in fiscal year 1991, which was the highest usage for the period, the Navy will not need about \$1.3 million of the approximate \$2.5 million requested for 25-mm HEI PGU-25/32 cartridges.

Navy officials disagreed. They said training was constrained in prior years due to unavailable assets and they need to preserve war reserve inventories. However, our analysis of Navy data showed that the inventory of 25-mm HEI PGU-25/32 cartridges was more than enough to provide the necessary training and preserve war reserve inventories.

5-Inch/54 Gun Ammunition (Line 56)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$77.397	\$49.861	\$52.965
Potential reduction	0	0	10.901

Basis for Reduction

The Navy's fiscal year 1995 request for 5-inch/54 gun ammunition can be reduced by about \$10.9 million for high explosive-controlled variable time (HE-CVT) projectiles and high explosive-point detonating/point detonating delay (HE-PD/PDD) projectiles because the Navy overstated its training needs. Actual expenditures for the HE-CVT projectile were less than 73 percent of the Navy's projections for fiscal years 1991 through 1993. Given the Navy's past consumption patterns, we believe the Navy's projected consumptions of 9,100 projectiles for fiscal years 1994 and 1995 are overstated. On the basis of the highest usage of 7,800 projectiles for fiscal year 1991, we believe the Navy's request for about \$63 million for 8,000 HE-CVT projectiles can be reduced by about \$2.1 million.

Actual expenditures for the HE-PD/PDD projectile for fiscal year 1991 were close to projections, but for fiscal years 1992 and 1993 they were less than 35 percent of projections. Thus, given the Navy's past consumption patterns, we believe the Navy's projected consumptions of 9,400 projectiles for fiscal years 1994 and 1995 are overstated. On the basis of the highest usage of 6,500 projectiles for fiscal year 1991, we believe the Navy's fiscal year 1995 request of about \$14.8 million for 17,000 projectiles can be reduced by about \$8.8 million.

Navy officials disagreed. They initially said training had been constrained in order to preserve war reserve assets. When we pointed out that our analysis of Navy data showed that assets were adequate to support training requirements, they said the fiscal year 1995 funds are needed because the Navy understated its requirements. However, although requested, the Navy has not provided additional data to support its claim that requirements have increased for fiscal year 1995.

NAVY, OTHER PROCUREMENTPollution Control Equipment (Line 19)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$31.468	\$15.922	\$65.867
Potential reduction	0	0	5.000

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by \$5 million because excess fiscal year 1993 funds can be used as an offset to the reduction.

Program officials stated that \$10.192 million in fiscal year 1993 funding is being withheld by the Navy Comptroller. Of this amount, \$5 million is planned for use during fiscal year 1994 for installation requirements.

Navy Comptroller officials told us that (1) \$5.192 million in fiscal year 1993 funding was to finance part of the fiscal year 1993 Ship Cost Adjustment in the Shipbuilding and Conversion account and (2) the remaining \$5 million was reprogrammed and used for other purposes. However, the office was unable to provide supporting documentation for the latter reprogramming. Therefore, we conclude that the \$5 million is available and can be used to offset a \$5 million reduction to the fiscal year 1995 budget request.

HM&E Items Under \$2 Million (Line 26)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$40.647	\$29.494	\$36.875
Potential reduction	0	0	5.630

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$5.6 million because excess fiscal year 1993 and 1994 funds can be used to offset the reduction.

Program officials stated that \$3.565 million in fiscal year 1993 funds transferred into the HM&E Items line by the Navy Comptroller was in excess of program requirements. They also stated that an additional \$4.265 million in fiscal year 1994 funds being withheld by the Navy Comptroller is also in excess to program requirements.

Navy Comptroller officials told us that \$2.2 million of the fiscal year 1993 funds was used to finance part of the fiscal year 1993 Ship Cost Adjustment in the Shipbuilding and Conversion account. They also told us that the remaining \$1.365 million in fiscal year 1993 funds was reprogrammed for other purposes and that \$4.265 million in fiscal year 1994 funds was reprogrammed for other purposes. However, the office was unable to provide supporting documentation for the reprogramming actions and the Navy's computerized financial database does not reflect the reprogramming. Therefore, we conclude that the \$1.365 million in fiscal year 1993 funds and the \$4.265 million in fiscal year 1994 funds are available and can be used to offset the \$5.630 million in the fiscal year 1995 budget request.

Reactor Plant Components (Line 34)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$209.800	\$180.000	\$194.700
Potential reduction	0	0	7.526

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$7.5 million because excess fiscal year 1993 installation funds can be used to offset the reduction.

Navy Comptroller officials told us that, of the \$35 million in fiscal year 1993 funds excess to program requirements, \$27.474 million was reprogrammed to fund fiscal year 1993 Ship Cost Adjustments in the Shipbuilding and Conversion account. They also told us that (1) \$5.925 million of the remaining \$7.526 million was released to the program office and (2) \$1.601 million was reprogrammed for other purposes. However, they were unable to provide supporting documentation for the reprogramming actions. Therefore, the fiscal year 1995 budget request can be reduced by \$7.526 million and the excess fiscal year 1993 funds can be used as an offset to the reduction.

Air Expendable Countermeasures (Line 52)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$59.496	\$38.726	\$12.088
Potential rescission	0	8.000	0

Basis for Rescission

The Navy has \$8 million in unobligated fiscal year 1994 funds for air expendable countermeasures, which it does not need, and the funds can, therefore, be rescinded.

Navy officials agreed they do not need the \$8 million in fiscal year 1994 funds for air expendable countermeasures but would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identified the \$8 million as being available for reprogramming for higher priority requirements.

SSN Acoustics (Line 54)

Dollars in millions

	Fiscal year		
	1993	1994 ^a	1995
Funding/request	\$96.900	\$25.158	\$56.647
Potential reduction	0	0	1.539

^a The AN/BQQ-5 budget line (line number 53 in fiscal year 1993) was combined with this SSN Acoustics line for fiscal year 1994 and subsequent years.

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by about \$1.5 million because excess fiscal year 1993 funds can be used to offset the reduction. Navy Comptroller officials provided documentation showing that, as of July 1994, \$1.539 million in fiscal year 1993 funds is available for use to offset the fiscal year 1995 budget request.

Communications and Electronics Equipment-ASW
Surface Ship Torpedo Defense (Line 60)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$34.751	\$14.705	\$31.889
Potential reduction	0	0	12.400
Potential rescission	14.632	0	0

Basis for Reduction/Rescission

Because of problems during operational test and evaluation and program delays, the Navy's fiscal year 1995 request can be reduced by \$12.4 million to buy and install the AN/SLR-24 torpedo detection subsystem on ships. Additionally, about \$14.6 million in fiscal year 1993 funds for the same purpose can be rescinded.

In December 1993, we reported that the National Surface Ship Torpedo Defense Program was experiencing development and testing problems. The report noted potential problems with the AN/SLR-24 torpedo detection subsystem but recommended its continued development because it could improve overall defenses against torpedo attacks. However, the subsystem failed to pass operational test and evaluation. Moreover, in a response to our report, DOD stated that the subsystem would not, by itself, improve overall defenses against torpedo attacks.

Despite program delays, the Navy plans to correct operational and test deficiencies and retest the subsystem and obtain a production decision before the end of fiscal year 1995. The Navy Comptroller plans to reprogram fiscal year 1993 funds of \$14.632 million to the Ship Cost Adjustment account because the subsystem failed to pass operational test and evaluation.

C3 Counter Measures Support Equipment (Line 73)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$15.435	\$0	\$26.317
Potential reduction	0	0	3.927

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$3.9 million because excess fiscal year 1993 funds can be used to offset the reduction.

Program officials stated that the \$3.927 million in fiscal year 1993 funds is in excess to fiscal year 1993 and 1994 requirements. Navy Comptroller officials stated that these funds were released to the program office to fund fiscal year 1994 production support of Command, Control, and Communications (C3) countermeasures equipment procured in fiscal year 1993.

Navy Tactical Data System (Line 81)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$53.158	\$66.365	\$33.243
Potential reduction	0	0	3.723

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$3.7 million because excess fiscal year 1993 funds can be used to offset the reduction. Program officials stated that only \$53.158 million in fiscal year 1993 funds was needed to fund the fiscal year 1993 program, but Navy Comptroller officials stated that the current program value is \$56.881 million; therefore, about \$3.7 million is excess to program requirements.

Shipboard Tactical Communications (Line 113)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$64.541	\$8.487	\$34.382
Potential reduction	0	0	17.118

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by about \$17.1 million because excess fiscal year 1993 funds can be used to offset the reduction.

Program officials stated that the \$17.118 million in installation funds on hold by the Navy Comptroller is in excess to program requirements. According to the Navy Comptroller, of the \$17.118 million in fiscal year 1993 funds on hold, \$10.096 million is in excess to program requirements and is proposed for reprogramming to help fund the fiscal year 1994 Ship Cost Adjustment in the Shipbuilding and Conversion account and the remaining \$7.222 million was reprogrammed to meet other installation needs. However, the Comptroller's office was unable to provide documentation to support the reprogramming actions. Therefore, we conclude that the \$17.118 million is in excess to fiscal year 1993 requirements and can be used to offset the fiscal year 1995 budget request.

SATCOM Ship Terminals (Line 122)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$160.800	\$87.473	\$126.363
Potential reduction	0	0	23.775

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$23.8 million because excess fiscal year 1993 funds can be used to offset the reduction.

Navy Comptroller officials stated that the fiscal year 1993 program value of \$160.8 million was reduced to \$136.223 million and that the \$23.775 million has been released and is no longer available. However, they could not provide documentation indicating the funds had been reprogrammed.

Point Defense Support Equipment (Line 172)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$20.155	\$78.588	\$64.148
Potential reduction	0	0	5.507

Basis for Reduction

The Navy's fiscal year 1995 budget request can be reduced by approximately \$5.5 million because excess fiscal year 1993 funds can be used to offset the reduction.

Program officials stated that \$5.507 million in fiscal year 1993 funds is in excess to program requirements. According to Navy Comptroller officials, these funds were reprogrammed to fund other requirements. However, the office was not able to provide documentation to support the reprogramming action.

MARINE CORPS, PROCUREMENT155-mm M203A1 Red Bag Propelling Charge (Line 12)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$11.995
Potential reduction	0	0	11.995

Basis for Reduction

The Marine Corps' approximate \$12 million fiscal year 1995 request for 17,523 155-mm M203A1 red bag propelling charges can be denied because the Army has an excess inventory of these charges, which could be transferred to the Marine Corps. The Army has already transferred 100,000 excess charges to the Marine Corps and could provide an additional 17,523 charges to the Marine Corps to satisfy the Marine Corps' fiscal year 1995 requirements.

Marine Corps officials agreed with the reduction if they can obtain the additional charges from the Army. Although Army officials initially said they could provide additional charges to the Marine Corps, they subsequently refused to provide additional charges, stating that their requirements may increase. However, Army data does not support the Army's position. Therefore, we continue to believe the Marine Corps' request can be satisfied from the Army's excess inventory.

25-mm Cartridges, All Types (Line 17)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$2.861	\$2.358	\$8.863
Potential reduction	0	0	1.940

Basis for Reduction

The Marine Corps' fiscal year 1995 request of approximate \$1.9 million for 57,062 25-mm M792 cartridges can be denied because, based on new requirements, projected inventory will exceed the Marine Corps' inventory objective without a fiscal year 1995 procurement.

Marine Corps officials disagreed with the reduction. A Marine Corps representative said the requirements data they had provided to us understated the Marine Corps' requirements because it did not include all vehicles used for training. Although we requested revised data on requirements, none was provided.

AIR FORCE, AIRCRAFT PROCUREMENTC-17 Aircraft (Line 6)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$1,788.500	\$1,934.800	\$2,472.900
Potential reduction	0	0	99.300
Potential rescissions	50.000	60.000	0

Basis for Reduction/Rescissions

The Air Force's fiscal year 1995 request for C-17 procurement can be reduced by \$99.3 million and \$110 million in fiscal year 1993 and 1994 funds can be rescinded. A reduction of \$50 million and rescissions of \$60 million in fiscal year 1994 funds and \$50 million in fiscal year 1993 funds are possible because the Air Force plans to use fiscal year 1992 funds to acquire an avionics integration support facility. Furthermore, an additional \$49.3 million in fiscal year 1995, the amount requested for engineering changes to reduce manufacturing cost, is not needed because DOD has not approved production beyond the 40th C-17 aircraft.

The Air Force plans to develop the avionics integration support facility to maintain selected C-17 software, but now plans to fund the entire project with excess fiscal year 1992 C-17 procurement funds. Program officials told us that, consequently, they do not need the \$50 million of the fiscal year 1995 funds requested. The Air Force plans to use the \$50 million after the November 1995 Milestone IIIB to upgrade aircrew training requirements, so it will not be used in fiscal year 1995. According to program officials, the \$60 million in fiscal year 1994 funds is not needed by the C-17 program and is being considered for reprogramming to another DOD program. Additionally, program officials told us that the \$50 million in fiscal year 1993 funds is not needed for C-17 avionics facility requirements and that they plan to use the funds for a fiscal year 1993 lot V aircraft buy.

The Air Force's fiscal year 1995 request for C-17 procurement can be reduced by another \$49.3 million because DOD has not approved production beyond the 40th C-17 aircraft. One project--the low

cost thrust reverser--cannot be implemented on the C-17 production line prior to the 40th C-17 aircraft.

On December 15, 1993, the Secretary of Defense and the Under Secretary for Acquisition and Technology, noting the continuing problems with the C-17 program, announced their decision to stop the program at 40 aircraft unless the contractor made significant management and productivity improvements. The Acquisition Decision Memorandum documenting this decision deferred "any commitment to additional aircraft until the Milestone IIIB decision," which is currently scheduled for November 1995.

This program is predicated on the savings that will accrue over a 120 aircraft C-17 program. It would not be prudent to invest \$49.3 million before determining if more than 40 C-17s will be procured.

Non-Developmental Airlift Aircraft (Line 10)

Dollars in millions

	Fiscal year		
	1993	1994 ^a	1995
Funding/request	0	\$97.900	\$153.700
Potential reduction	0	0	103.700
Potential rescission	0	77.900	0

^a OSD officials told us that \$2.1 million of the fiscal year 1994 appropriation was diverted to other uses.

Basis for Reduction/Rescission

The Air Force's fiscal year 1995 request for Non-Developmental Airlift Aircraft can be reduced by \$103.7 million, and \$77.9 million for fiscal year 1994 can be rescinded because the Air Force has no requirement for these funds.

The Non-Developmental Airlift Aircraft is to provide strategic airlift options, including commercial aircraft and commercial aircraft derivatives, for bulk and oversized cargo to augment the C-17 fleet if less than 120 C-17 aircraft are procured. The Non-Developmental Airlift Aircraft program office has been allocated \$20 million in fiscal year 1994, and program officials told us that these funds would be sufficient to complete currently planned activities prior to the C-17 acquisition Milestone IIIB decision. The Air Force currently has no requirement for the fiscal year 1995 request of \$103.7 million for Non-Developmental Airlift Aircraft procurement.

The Air Force currently plans to reprogram the remaining fiscal year 1994 funds into Operations and Maintenance accounts.

Joint Primary Aircraft Training System (Line 12)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$123.300
Potential reduction	0	0	39.300

Basis for Reduction

The Air Force's fiscal year 1995 request for the Joint Primary Aircraft Training System can be reduced by at least \$39.3 million for the first three production aircraft and technical data because the production schedule is overly ambitious. The remaining amount requested in the budget (\$84 million) would fund production start-up, tooling costs, and the ground test program.

The Air Force will not complete the aircraft critical design review until February 1996. First flight of the research and development aircraft is not scheduled until June 1997, and aircraft qualification test and evaluation will not be completed until December 1997. In addition, the competing firms have not sold or qualified their candidate aircraft in the system configuration, and Air Force officials do not know the amount of modifications for military-unique and military specified items that will ultimately be required.

Air Force officials believe the aircraft training system represents a low development risk and that concurrent development and production is achievable and efficient. Because of the risk factors cited above, as well as the Air Force's historical experiences on other major acquisitions, our work indicates that deferring production until the design is more firmly established appropriately reduces program risks while still allowing for development and testing as scheduled.

F-16 Modifications (Line 27)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$167.966	\$120.503	\$157.227
Potential reduction	0	0	36.670

Basis for Reduction

The Air Force's F-16 fiscal year 1995 modification budget request can be reduced by about \$36.7 million because about \$34.3 million in prior year funds and \$2.4 million requested in fiscal year 1995 are not needed for the propose provided or requested. According to program officials, the F100-PW-220/220E engine interchange modification has been canceled and the cost of the radar warning receiver (ALR-56M) and the chaff/flare dispensing system (ALE-47) is less than previously estimated.

Air Force officials said that the funds made available by the canceled modification and the reduced cost of the two modifications could be used for other unfunded F-16 requirements.

KC-135 Modification Programs (Line 49)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$411.400	\$70.600	\$103.400
Potential reduction	0	0	16.700

Basis for Reduction

The Air Force's fiscal year 1995 request for KC-135 modifications can be reduced by \$16.7 million. Three modifications budgeted as new starts for fiscal year 1995--High Frequency Communication Processor Upgrade, ARC 190, and Common Radar--cannot begin until at least fiscal year 1996. These modifications have not been approved as required by the Materiel Command's Configuration Control Board. Because of the time needed to prepare required documents and to gain Board approval, the modification program manager stated that funds could not be obligated on these modifications until at least fiscal year 1996.

E-4B (Mod) (Line 51)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	17.832	8.989	\$35.230
Potential reduction	0	0	21.400

Basis for Reduction

The Air Force's fiscal year 1995 request for E-4B aircraft modifications can be reduced by \$21.4 million. These funds are requested to improve communications on four airborne command posts.

According to information provided by the Air Force, the \$21.4 million was intended to be sufficient to acquire two units. However, unit costs have risen and the request is no longer adequate to procure the first one, with associated start-up costs. Because this program is a new acquisition and the fiscal year 1995 request is no longer adequate to initiate procurement of one unit, it would be prudent to defer the fiscal year 1995 funding request to fiscal year 1996 to allow the Air Force time to rebaseline the acquisition program and its cost estimates.

Program office officials had no comment.

Aircraft Spares and Repair Parts (Line 57)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$487.918	\$425.677	\$488.894
Potential reduction	0	0	100.269
Potential rescission	0	73.081	0

Basis for Reduction/Rescission

The Air Force's fiscal year 1995 request for initial spares and repair parts can be reduced by about \$100.3 million and about \$73.1 million can be rescinded from fiscal year 1994 funds due to changes in requirements for the C-17, B-2, and T-1A aircraft.

About \$69.6 million for C-17 initial spares can be reduced from the fiscal year 1995 request because requirements for reparable items decreased by \$26.7 million and an additional \$42.9 million for spare engines and quick engine change kits is not needed to support the 40 C-17 aircraft currently authorized for procurement. Air Force officials concurred with our methodology on the reduced requirement for reparable parts, but they did not agree to our proposed reductions to spare engines and kits because they had only computed the requirement based on 120 aircraft. Until the Air Force recomputes the requirement, additional spare engines should not be funded. The spares on order should be adequate through the end of fiscal year 1997. If the Air Force determines that additional spares are required, these would not have to be procured until fiscal year 1996 given the engine procurement lead time of 2 years.

About \$62 million in fiscal year 1994 for B-2 aircraft spares funds can be rescinded because they will not be needed until fiscal year 1996 or later. Beginning with the fiscal year 1994 budget, the Air Force changed its initial spares budgeting policy to request funding only for those parts expected to be delivered during the budget year. The B-2's funding request did not comply with the new policy, resulting in about \$62 million being appropriated in fiscal year 1994 to pay for deliveries in fiscal years 1996 and later.

Officials requested fiscal year 1994 funding for the total amount of B-2 spares because they believed the parts were nonstock funded items and consequently not subject to the new policy. The Air Force later determined that B-2 spares were stock funded and, therefore, should have been funded in accordance with the new policy. Rather than returning or reprogramming the excess fiscal year 1994 funds and submitting a corrected budget for fiscal year 1995, officials plan to use the funds to pay for parts expected to be delivered in fiscal years 1995 and 1996 and later. To avoid a funding shortfall in fiscal year 1995, we believe it is appropriate to allow the Air Force to use part of the excess funds to pay for fiscal year 1995 deliveries. Concerning the remaining funds, however, the Air Force should be required to realign its future funding requests to comply with the new budgeting policy and to request funds in the years needed rather than use fiscal year 1994 funds to meet fiscal year 1996 and later requirements. Air Force officials said that, if funds for B-2 initial spares are reduced, the funds should remain with the program for support requirements.

About \$30.7 million requested in fiscal year 1995 for T-1A initial spares can be reduced and about \$11.1 million in fiscal year 1994 funds can be rescinded because funds budgeted for these spares are not needed until fiscal year 1999. Under a Contractor Logistic Support contract that extends through fiscal year 1999, the contractor provides any necessary spares for the T-1A until that year. Air Force officials prefer to buy T-1A aircraft initial spares in fiscal years 1994-96, primarily for budgeting conveniences.

Common AGE (Line 58)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$446.651	\$193.518	\$225.845
Potential reduction	0	0	6.376

Basis for Reduction

The Air Force's fiscal year 1995 request for common aerospace ground equipment can be reduced by about \$6.4 million. The Air Force requested funds to buy 32 downsized testers for the F-15 aircraft. Our assessment shows that only 22 testers need to be bought in fiscal year 1995 to meet the required delivery schedule of the operational forces. Reducing the quantity of testers to be bought from 32 to 22 will reduce the fiscal year 1995 budget requirement by about \$6.4 million.

Air Force officials agreed that only 22 testers need to be bought in fiscal year 1995. Officials said, however, that deferring procurement of the other 10 testers to fiscal year 1996 might increase procurement costs and that budgeting the funds in fiscal year 1996 might be more difficult.

War Consumables (Line 60)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$27.800	\$17.900	\$26.600
Potential reduction	0	0	2.075

Basis for Reduction

The Air Force's fiscal year 1995 request for war consumables can be reduced by about \$2.1 million because launcher requirements are exceeded by the unobligated fiscal year 1994 funding for Advanced Medium Range Air-to-Air Missile launchers and the funding requested for fiscal year 1995.

According to the Air Force program element monitor, the Air Force plans to use about \$30.5 million in fiscal year 1994 and 1995 funds for the missile launchers in fiscal year 1995. However, an official from the AMRAAM missile launcher project office estimates that only about \$28.5 million will be needed for the procurement.

Common ECM Equipment (Line 63)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$97.680	\$24.511	\$41.292
Potential reduction	0	0	31.228

Basis for Reduction

The Air Force's fiscal year 1995 request for Common ECM Equipment can be reduced by about \$31.2 million, \$15.628 million for the ALQ-99 and \$15.60 million for the EF-111A system improvement program, because the planned procurement of ALQ-99 Band-9/10 transmitters has slipped from fiscal year 1995 to fiscal year 1996 and the EF-111A system improvement program has experienced schedule slippage and cost growth in the wake of technical problems.

The amount included in the fiscal year 1995 request for Common ECM Equipment for the ALQ-99 is about \$22 million; however, current requirements total \$6.4 million in fiscal year 1995. Program office officials agreed that their fiscal year 1995 budget request can be reduced by about \$15.6 million because the Band-9/10 transmitter procurement has slipped and the funds will not be needed until fiscal year 1996.

In June 1993, the Air Force restructured the EF-111A system improvement program. However, after the restructure, there was some concern about the proposed restructure plan, and the Under Secretary of Defense was requested to review the program. In April 1994, the Under Secretary reported to the Congress that a new management structure had been instituted to manage risk, cost, and schedule and that he had ordered an independent cost analysis.

Program officials informed us that, as a result of the restructuring, \$7.878 million of the \$23.478 million requested for fiscal year 1995 for the EF-111A project will be required. This results in an excess of \$15.60 million. Program officials also said they would like to transfer \$5.2 million of that amount to RDT&E for additional development efforts to reduce program risks.

AIR FORCE, WEAPONS PROCUREMENTTri-Service Standoff Attack Missile (Line 4)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	^a	\$160.860	\$373.875
Potential reduction	0	0	373.875
Potential rescission	0	160.860	0

^a Funding for fiscal year 1993 is classified.Basis for Reduction/Rescission

The Air Force's request of about \$373.9 million for low-rate initial production of 48 Tri-Service Standoff Attack Missiles (TSSAMs) in fiscal year 1995 can be denied because continuing technical, manufacturing, and flight test problems make TSSAM's production in fiscal year 1995 premature. Until these uncertainties are resolved, the risk to a successful transition into production is high. The Air Force is evaluating changes to the TSSAM program together with available alternatives.

In addition, the Air Force's fiscal year 1994 unobligated funds totaling about \$160.9 million for preproduction activities associated with a planned award of a low-rate initial production contract in fiscal year 1995 can be rescinded. These funds can be rescinded because the Air Force has postponed initiation of TSSAM production after a series of flight test failures and because the missiles have experienced continuing technical and manufacturing problems. DOD's June 20, 1994, omnibus reprogramming request includes about \$73.3 million of the approximate \$160.9 million as being available for higher priority requirements.

Advanced Medium Range Air-to-Air Missile (Line 6)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$605.834	\$487.175	\$309.462
Potential reduction	0	0	84.217

Basis for Reduction

The Air Force's fiscal year 1995 request for AMRAAM can be reduced by about \$84.2 million:

--\$33.01 million to reduce the request to the minimum competitive quantity of missiles in order to allow purchase of more missiles after lethality improvements are incorporated into production,

--\$16.829 million because after submitting the request, the AMRAAM Budget Control Board identified program changes that resulted in a reduction in fiscal year 1995 requirements,

--\$23.538 million because excess prior year funds are available to offset the fiscal year 1995 requirements,

--\$10 million because the value engineering project request exceeds the minimum requirements, and

--\$0.84 million because funding requested for missile carriage tests is excess to the program's needs.

Air Force officials generally agreed.

Spares and Repair Parts (Line 21)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$61.909	\$51.477	\$68.332
Potential reduction	0	0	3.183

Basis for Reduction

The Air Force's fiscal year 1995 request for initial spares can be reduced by about \$3.2 million. Of this, \$2 million for initial spares associated with low-rate initial production of 48 TSSAMs can be denied because TSSAM production is premature. The Air Force has not awarded preproduction contracts, as planned in fiscal year 1994, and is in the process of restructuring the TSSAM production program. Additional details have been provided to properly cleared congressional staff.

In addition, \$1.183 million for AMRAAM is excess to current program requirements. According to Air Force officials, the initial spares funding request included some previous years outstanding requirements. However, they said these requirements now will be satisfied with the fiscal year 1994 spares procurement.

30-mm Training Cartridge (Line 42)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$54.667	\$26.464	\$23.672
Potential reduction	0	0	12.400

Basis for Reduction

The Air Force's entire fiscal year 1995 request for 2.5 million 30-mm training cartridges is not needed because procurement of this quantity will result in an excess inventory. However, although Air Force officials agreed inventory will exceed requirements, they would like to procure enough cartridges in fiscal year 1995 to maintain the industrial base. The Air Force agrees to a reduction of \$12.4 million in the fiscal year 1995 request. According to Air Force officials, the remaining approximate \$11.3 million would be sufficient to buy enough rounds to maintain the production lines of one contractor through the fiscal year 1995 funded delivery period. This request appears reasonable because there will be future procurements of this item.

Bomb, Practice, 25 Pound (Line 49)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$12.418	\$5.584	\$9.406
Potential reduction	0	0	3.980

Basis for Reduction

The Air Force's fiscal year 1995 request of approximately \$9.4 million for 665,680 25-pound practice bombs can be reduced by about \$4 million for 281,680 bombs because projected inventory will exceed the Air Force's inventory objective.

Air Force officials agreed.

AIR FORCE, OTHER PROCUREMENTBSU-49 Inflatable Retarder (Line 12)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	\$8.000	0
Potential rescission	0	8.000	0

Basis for Rescission

The Air Force's \$8 million in unobligated fiscal year 1994 funds can be rescinded because the inventory of BSU-49 inflatable retarders exceeds the Air Force's requirements. In addition, the Congress provided the \$8 million to the Air Force to maintain the industrial base, but the contractor has already placed the production line in a layaway status due to decreased requirements for the item. However, the contractor plans to maintain its production capability for possible future orders.

Air Force officials agreed but would like to reprogram the funds to higher priority programs. DOD's June 20, 1994, omnibus reprogramming request identified the \$8 million as being available for reprogramming for higher priority requirements.

Satellite Control Network (Line 110)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$34.701	\$30.005	\$25.810
Potential reduction	0	0	10.000

Basis for Reduction

The Air Force's fiscal year 1995 request can be reduced by \$10 million because these funds will not be needed until (1) the U.S. Space Command develops an architecture and implementation plan for an integrated DOD satellite control network and (2) the Air Force develops a compatible architecture, including a detailed implementation plan, that is based on a cost and operational effectiveness analysis of plausible alternatives.

Air Force officials acknowledge that they do not have an architecture on which to base its network upgrades or an implementation plan showing how the upgrades will be accomplished and integrated. Although the Air Force has budgeted \$1 million to develop an advanced satellite control architecture, it could take at least a year to accomplish this task.

Theater Battle Management C2 System/Contingency Theater Automated Planning System (Line 112)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$17.727	\$25.490	\$31.731
Potential reduction	0	0	13.131

Basis for Reduction

The Air Force's fiscal year 1995 request can be reduced by about \$13.1 million because the contract award for communications packages has changed from fiscal year 1995 to fiscal year 1996.

The Air Force now plans to award the contract in January 1996, rather than January 1995, because the delivery date for the software needed to operate the packages for the air support operations has slipped. The delivery delay is the result of adding requirements to the software that is being developed.

While the Air Force will not need the \$13.131 million in fiscal year 1995 for the communications packages, officials said they plan to use those funds for other program requirements. We believe the Air Force could request the funding for the other requirements as a part of a future year's budget request.

Tactical C-E Equipment (Line 124)

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	\$41.124	\$59.602	\$41.718
Potential reduction	0	0	6.728

Basis for Reduction

The Air Force's fiscal year 1995 request for the Tactical C-E (Communications-Electronics) line item can be reduced by about \$6.7 million. The contract award date for the Base Recovery Communications System, one of the programs funded by this line item, has slipped from fiscal year 1994 to fiscal year 1996. The slip occurred because the program has not completed operational test and evaluation requirements.

Of the about \$6.7 million potential reduction for the communications system, approximately \$2.5 million is included in the fiscal year 1995 request and about \$4.2 million is from fiscal year 1994 funds and can be used as an offset against the fiscal year 1995 request for this line item.

The program office did not have any comments on this proposed reduction.

DEFENSE-WIDE, PROCUREMENT**Defense Airborne Reconnaissance Program (Line 3)**

Dollars in millions

	Fiscal year		
	1993	1994	1995
Funding/request	0	0	\$250.700
Potential reduction	0	0	94.000

Basis for Reduction

The fiscal year 1995 request for the Defense Airborne Reconnaissance Program can be reduced by \$94 million, the amount requested for procurement of four Joint Tactical Unmanned Aerial Vehicle (JTUAV) systems, because a second award prior to operational testing would further increase the investment at risk before fixes to serious problems have been tested.

Testing of the JTUAV system in the summer of 1992 showed the system has several serious problems. For example, the system could not operate satisfactorily at ranges required for most missions and was unreliable, requiring unscheduled maintenance about once every hour. In addition, the results of logistics testing in mid-1993 clearly showed that the system was not yet sustainable and did not have a support structure in place. As recently as June 1994, two air vehicles crashed during contractor flight testing. The system was grounded while the cause of the crashes is investigated. Although efforts are being made to correct some of the problems, the adequacy of any fixes has not been demonstrated in operational testing. We addressed most of these concerns in a prior report.³

³Unmanned Aerial Vehicles: Performance of Short Range System Still in Question (GAO/NSIAD-94-65, Dec. 15, 1993).

SCOPE AND METHODOLOGY

We selected for detailed review DOD procurement and research, development, test, and evaluation programs that we identified from our ongoing assignments and the initial phase of this assignment as having cost, schedule, performance, or programmatic concerns. To achieve our objectives, we interviewed program officials and reviewed program documentation such as budget requests and justifications, monthly program status reports, correspondence, briefing reports, and accounting and financial reports.

We performed our work at numerous DOD and military service locations. For example, we visited the Air Force Materiel Command, Aeronautical Systems Center, and Wright Aeronautical Laboratories, Wright-Patterson Air Force Base, Ohio; Army Missile Command and U.S. Ballistic Missile Defense Organization, Huntsville, Alabama; Naval Sea and Air Systems Commands, Arlington, Virginia; Army Communications-Electronics Command, Fort Monmouth, New Jersey; Army Tank-Automotive Command, Warren, Michigan; U.S. Army Armament, Munitions, and Chemical Command, Rock Island, Illinois; Marine Corps Systems Command, Washington, D.C.; U.S. Army Aviation and Troop Command, St. Louis, Missouri; and Electronic Systems Division, Hanscom Air Force Base, Massachusetts. We also contacted program representatives in the Office of the Secretary of Defense and the Departments of the Army, the Navy, and the Air Force.

We conducted our review from October 1993 through August 1994 in accordance with generally accepted government auditing standards.

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APPENDIX IV

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